

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2022-41-E**

In re: )  
 )  
Application of Duke Energy Progress, LLC )  
for Approval of Residential Energy )  
Efficient Appliances and Devices Program )  
\_\_\_\_\_ )

**DIRECT TESTIMONY OF  
LYNDA POWERS FOR DUKE  
ENERGY PROGRESS, LLC**

1   **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A.   My name is Lynda Powers, and my business address is 400 S. Tryon Street, Charlotte,  
3       North Carolina.

4   **Q.   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5   A.   I am employed by Duke Energy Corporation (“Duke Energy”) as a Senior Strategy and  
6       Collaboration Manager for the Carolinas in the Portfolio Strategy and Support group.

7   **Q.   PLEASE   DESCRIBE   YOUR   EDUCATIONAL   BACKGROUND   AND**  
8       **PROFESSIONAL EXPERIENCE.**

9   A.   I graduated from Bob Jones University with a Bachelor of Science Degree and later  
10       completed both a Master’s Degree in English and, subsequently, a Master’s Degree in  
11       Business Administration at the University of South Carolina. I began working with the  
12       Office of Regulatory Staff (“ORS”) in 2009 as a Program Specialist in telecommunications  
13       and later as a Regulatory Analyst in the Electricity, Gas and Economics Department. While  
14       at the ORS, I completed the National Association of Regulatory Utility Commissioners  
15       (“NARUC”) Regulatory Studies program at Michigan State and the Eastern NARUC  
16       Utility Rate School. In 2016, I became a Financial Analyst for Santee Cooper where I was  
17       responsible for evaluating existing and proposed programs for cost effectiveness,  
18       coordinating collaboration among subject matter experts regarding renewables and  
19       demand-side management programs, and preparing the annual budget for energy efficiency  
20       operations. While at Santee Cooper, I completed the North Carolina State University  
21       McKimmon Center for Continuing Education Electric Meter School. In 2018, I began  
22       working for Duke Energy in my current role as a Strategy and Collaboration Manager for  
23       South Carolina in the Portfolio Strategy and Support group. In this role, I am a primary

1 point of contact for internal and external stakeholders in all matters regarding Energy  
2 Efficiency and Demand-Side Management (“EE/DSM”) and the regulatory lead for the  
3 EE/DSM programs. I currently serve on the Board of Directors for the Southeast Energy  
4 Efficiency Alliance.

5 **Q. HAVE YOU TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF**  
6 **SOUTH CAROLINA (THE “COMMISSION”) IN ANY PRIOR PROCEEDINGS?**

7 A. Yes. I appeared before this Commission in my role at Duke Energy in an ex parte hearing  
8 concerning EE/DSM program modifications in 2019 and in the recent Smart Saver Solar  
9 as Energy Efficiency proceedings in Docket Nos. 2021-143-E and 2021-144-E.  
10 Additionally, in my role as a regulator at the ORS, I testified before this Commission in  
11 two general rate cases, three annual fuel adjustment cases, and one distributed energy  
12 resource program application case.

13 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

14 A. The purpose of my direct testimony is to explain how the Residential Energy Efficient  
15 Appliances and Devices Program (the “Program”)—as proposed by Duke Energy Progress,  
16 LLC (“DEP” or the “Company”)—will operate within the Company’s suite of EE/DSM  
17 programs.

18 **Q. ARE YOU INCLUDING ANY EXHIBITS IN SUPPORT OF YOUR TESTIMONY?**

19 A. Yes. DEP’s Application for Approval of Residential Energy Efficient Appliances and  
20 Devices Program is attached as **Exhibit A**.

21 **Q. PLEASE EXPLAIN WHAT THE COMPANY IS REQUESTING OF THE**  
22 **COMMISSION IN THIS PROCEEDING.**

1 A. The Company seeks approval for the addition of a new tariff which combines the  
2 Residential Save Energy and Water Kit Program SEW-2 Tariff (“SEWK”) with other  
3 incentivized EE measures. The Company also proposes to terminate the SEWK tariff  
4 upon approval of the Program given that the Program seeks to advance a more  
5 comprehensive tariff that will encompass the measures promoted under the SEWK  
6 program.

7 **BACKGROUND**

8 **Q. PLEASE BRIEFLY DESCRIBE THE SEWK PROGRAM.**

9 A. The SEWK program was proposed on September 1, 2015 by DEP in Docket No. 2015-  
10 322-E. On September 11, 2015, the ORS filed a letter stating it had no objection to the  
11 SEWK program, and the Commission approved the SEWK program through Order No.  
12 2015-705. The SEWK program remains in effect today and promotes energy efficiency  
13 through a reduction in hot water consumption and a corresponding reduction in energy  
14 from the grid used to heat the water by providing low or no cost measures for single family  
15 residential customers. These measures allow eligible customers to become more energy  
16 efficient through the installation of energy efficient devices such as low flow showerheads,  
17 bathroom and kitchen faucet aerators, and pipe wrap.

18 **Q. WHY IS THE COMPANY PROPOSING TO TERMINATE THE SEWK**  
19 **PROGRAM?**

20 A. As described in greater detail below, the Program proposed in the Application filed in this  
21 docket contains a comprehensive and cost-effective EE/DSM framework and encourages  
22 installation of a wide array of high efficiency equipment while still including the eligible  
23 equipment under the SEWK tariff. Because the proposed Program would essentially

displace the SEWK program, the Company seeks to terminate the SEWK program upon approval of the proposed Program.

## PROGRAM DESCRIPTION

**Q. PLEASE DESCRIBE THE PROGRAM FOR WHICH THE COMPANY IS REQUESTING APPROVAL IN THIS PROCEEDING.**

A. The Program that the Company is requesting the Commission approve in this proceeding encourages the installation of new high efficiency equipment, examples of which include high efficiency lighting and fixtures, smart strips, thermostats, and high efficiency electric water heated low flow devices. The Program would make incentives available to builders of new residences or to owners of, or customers occupying, new or existing residences served on a residential rate schedule for certain types of eligible equipment.

The Program will provide incentive payments to offset all or a portion of the installed cost difference between standard equipment and higher efficiency equipment. Devices such as high efficiency lighting equipment and electric water heating low flow devices will be eligible for up to one hundred percent (100%) of the installed cost. All other eligible appliances and devices will be qualified for an incentive amount of up to fifty percent (50%) of the incremental installed cost.

**Q. HAS THE COMMISSION APPROVED ANY SIMILAR PROGRAMS FOR DUKE ENERGY CAROLINAS, LLC?**

A. Yes. Duke Energy Carolinas, LLC (“DEC”), filed for approval of its Residential Energy Efficient Appliances and Devices Program on August 1, 2013 as part of its Application for Approval of New Cost Recovery Mechanism and Portfolio of Demand-Side Management and Energy Efficiency Programs. The portfolio of programs was approved through Order

1 No. 2013-889. DEP's request in this proceeding is similar to that of DEC's given that DEP  
2 seeks to implement the proposed Program as part of its larger suite of EE/DSM programs.

3 **Q. HAS THE COMPANY EVER PROPOSED A SIMILAR PROGRAM?**

4 A. Yes. The Program is similar to DEP's Commission-approved Residential Smart Saver  
5 program, which offers incentives to encourage installation of high efficiency devices such  
6 as heat pumps, variable speed pool pumps and attic insulation and sealing, while the  
7 proposed Program incentivizes high efficiency devices such as ceiling fans, dehumidifiers,  
8 air purifiers, and smart thermostats which customers generally install themselves. The  
9 Residential Smart Saver program provides an incentive to customers after installation—  
10 which requires that the customer be able to pay for eligible devices up front before they  
11 can be compensated—while the proposed Program provides an incentive at the point of  
12 purchase (for example, through the Company's online store or at local home improvement  
13 stores such as Home Depot, Lowe's, or Best Buy) so that the cost of the measure is reduced  
14 at the time of the customer's purchase. This feature of the Program will ultimately increase  
15 the affordability and attainability of high efficiency devices for customers.

16 Additionally—as previously noted—the existing SEWK program also provides  
17 customers with measures that are included in this new Program.

18 **Q. HOW WILL CUSTOMERS PARTICIPATE IN THE PROGRAM?**

19 A. Customers can participate in the Program by ordering discounted measures directly from  
20 the Company's online store or by phone. They can also purchase discounted measures  
21 directly from retail outlets. The Company has negotiated with retailers to apply incentives  
22 at the time of purchase so that the Company's customers receive lower prices.

1 **Q. HOW MANY CUSTOMERS DOES THE COMPANY EXPECT TO PARTICIPATE**  
2 **IN THE PROGRAM?**

3 A. The Company expects customers to install 806 additional measures in the first year of the  
4 Program. After five years, the cumulative total number of measures installed is expected  
5 to be 5,627.

6 **Q. IS THERE A LIMIT ON THE NUMBER OF CUSTOMERS WHO CAN**  
7 **PARTICIPATE IN THE PROGRAM?**

8 A. No. Although there are restrictions on what qualifies a customer to participate in the  
9 Program and the number of measures one customer can purchase, the Company's  
10 Application in this proceeding does not include a cap on the number of qualified customers  
11 that can participate in the Program. In fact, the more customers that participate, the more  
12 savings from the Program that will accrue to the benefit of all customers, as described more  
13 fully below.

14 **Q. ARE ALL DEVICES ELIGIBLE FOR INCENTIVES UNDER THE PROGRAM?**

15 A. No. Incentives will only be available for ENERGY STAR or other energy efficiency  
16 products for which incentives pass the Utility Cost Test ("UCT").

17 **Q. HOW WILL THE INCENTIVES BE PAID TO CUSTOMERS?**

18 A. The incentives may be offered in a variety of ways including, but not limited to, discount  
19 coupons, in-store promotions, or online discounted purchases.

20 **Q. WHEN WILL THE INCENTIVE BE PAID TO THE CUSTOMER?**

21 A. The Program provides an incentive at the point of purchase so that the cost of the measure  
22 is reduced at the time of the customer's purchase.

23 **Q. WHY IS AN INCENTIVE NECESSARY?**

1 A. An incentive is necessary to increase the financial attractiveness and affordability of the  
2 investment in high efficiency devices for customers and to encourage customers to  
3 purchase these high efficiency devices.

4 **Q. WHO IS ELIGIBLE FOR THE INCENTIVE?**

5 A. The Program will make incentives available to builders of new residences or to owners of  
6 new or existing residences served on a residential rate schedule. Renters of residences  
7 served on a residential rate schedule will also be eligible for certain incentives under the  
8 Program.

9 **Q. ALTHOUGH THE INCENTIVE IS ONLY PAID TO PARTICIPATING**  
10 **CUSTOMERS, DO NON-PARTICIPATING CUSTOMERS BENEFIT FROM THE**  
11 **PROGRAM AS WELL?**

12 A. Yes. As described below, the UCT—which is the primary test for the Companies in South  
13 Carolina to determine the cost-effectiveness of an EE/DSM measure—examines the  
14 overall system benefit as a result of participating customers’ reduction in electricity  
15 consumption. This reduction in electricity consumption will reduce utility system costs,  
16 which reduces costs for non-participating customers as well.

17 **COST-EFFECTIVENESS AND COST RECOVERY**

18 **Q. PLEASE BRIEFLY DESCRIBE THE EE/DSM MECHANISM.**

19 A. The EE/DSM Mechanism contains parameters for the Company’s development and  
20 implementation of EE/DSM programs in South Carolina, and was recently adopted by the  
21 Commission through Order No. 2021-33 issued in Docket No. 2015-163-E. S.C. Code  
22 Ann. § 58-37-20 authorized the Commission to establish the EE/DSM Mechanism. That  
23 code section also provides that such mechanisms or “procedures” “must[] provide



incentives and cost recovery for energy suppliers and distributors who invest in energy supply and end-use technologies that are **cost-effective**, environmentally acceptable, and reduce energy consumption or demand . . . .” (emphasis added).

**Q. WHAT BENEFITS DOES THE UCT PROVIDE AS THE PRIMARY COST-EFFECTIVENESS TEST UNDER THE EE/DSM MECHANISM?**

A. As outlined in the EE/DSM Mechanism approved by the Commission, utilizing the UCT as the primary cost-effectiveness test for the Company’s EE/DSM programs in South Carolina is appropriate because the UCT:

[W]ill mitigate the impact of changing energy efficiency codes and standards, give the Company greater ability to respond to changes in the market, and ensure that the energy efficiency benefits achieved by a program for the utility system are greater than the cost to the utility system to offer that program.

Order No. 2021-33, p. 23.

Simply put, utilizing the UCT as the primary cost-effectiveness test ensures that the Program’s benefits and savings—inuring to both participating and non-participating customers—will exceed its costs.

**Q. DOES THE PROGRAM MEET THE COST EFFECTIVENESS REQUIREMENTS OF THE UCT?**

A. Yes. The Program’s UCT score is 1.22. As discussed below, the EE/DSM Mechanism deems the UCT the primary cost test and requires proposed EE/DSM measures exceed a score of 1.0 thereunder. The Program exceeds the required 1.0 UCT score, indicating that the benefits to the utility system exceed the costs.

**Q. HOW WILL THE COMPANY VERIFY THE ACTUAL SAVINGS ARISING FROM THE PROGRAM?**

1 A. Like every other EE/DSM program, the Company will verify the actual savings arising  
2 from the Program through evaluation, measurement, and verification (“EM&V”) by a third  
3 party once adequate participation allows for a statistically valid sample. EM&V studies  
4 use industry-accepted methods to collect and analyze data; measure and analyze Program  
5 participation; and evaluate, measure, verify, and validate the energy and peak demand  
6 savings. Tentative participation targets indicate that an EM&V evaluation could be  
7 possible approximately a year after initial Program implementation.

8 **Q. DID THE COMPANY ESTIMATE FREE-RIDERSHIP?**

9 A. Yes. The Company estimated free ridership—meaning those customers that would have  
10 implemented the same EE measures if the Program did not exist—based on similar  
11 programs including the identical one in DEC territory, and included those estimates in the  
12 UCT calculation. As stated above, the Program passed the UCT and during the EM&V  
13 process evaluation, the evaluator will survey participants to verify and update the  
14 Company’s estimate of free-riders.

15 **Q. DOES THE COMPANY PROPOSE TO RECOVER CERTAIN COSTS**  
16 **ASSOCIATED WITH THE PROGRAM?**

17 A. Yes, as permitted by South Carolina law. As described above, S.C. Code Ann. § 58-37-20  
18 authorized the Commission to establish the EE/DSM Mechanism. That code section also  
19 provides that such mechanisms or “procedures” “must[] provide incentives and **cost**  
20 **recovery** for energy suppliers and distributors who invest in energy supply and end-use  
21 technologies that are cost-effective, environmentally acceptable, and reduce energy  
22 consumption or demand . . . .” (emphasis added). In accordance with this statute, the  
23 EE/DSM Mechanism permits the Company to recover all costs incurred by the Company

1 associated with the Program through the Company's EE/DSM rider. Therefore, the  
2 Company is requesting to recover Program costs through the Company's annual EE/DSM  
3 rider proceedings pursuant to the cost recovery mechanism and for all costs that are verified  
4 and validated through the EM&V process, just as it does for all other EE/DSM programs  
5 approved by the Commission.

6 **Q. WILL THE COMPANY PROPOSE A SIMILAR PROGRAM IN NORTH**  
7 **CAROLINA?**

8 A. The Program is already operating in DEC's and DEP's North Carolina service territories.

9 **EE/DSM COLLABORATIVE**

10 **Q. PLEASE BRIEFLY DESCRIBE THE EE/DSM COLLABORATIVE.**

11 A. The EE/DSM Collaborative includes Company representatives, as well as a wide array of  
12 customer groups and interests related to energy efficiency and demand response. The  
13 EE/DSM Collaborative serves as an open forum for the sharing of information and  
14 discussion of topics related to EE and DSM, including the Company's program design and  
15 development; program evaluation; regulatory and market conditions that will impact  
16 program performance; specific issues or topics as requested by the Commission and the  
17 North Carolina Utilities Commission; and emerging opportunities to achieve the desired  
18 demand and energy savings on the Company's grid.

19 The EE/DSM Collaborative meets every other month for 4-5 hours and convenes  
20 working group calls between meetings as necessary. The agenda is developed based on  
21 suggestions or requests from members and sent out three weeks in advance for  
22 feedback. One week before each meeting, members receive a draft copy of the slide deck,  
23 the final agenda, and any other materials that may be helpful in their preparation. New

1 members are added simply by request because the EE/DSM Collaborative is open to “any  
2 interested stakeholder”.

3 **Q. DID THE COMPANY DISCUSS THIS PROGRAM WITH INTERESTED**  
4 **STAKEHOLDERS PRIOR TO FILING IT WITH THE COMMISSION?**

5 A. Yes. The Company discussed the Program with the EE/DSM Collaborative, which is an  
6 advisory group made up of interested stakeholders from across South Carolina and North  
7 Carolina. The EE/DSM Collaborative serves as a forum for improving EE and DSM  
8 programs. The Company presented this Program to the EE/DSM Collaborative; however,  
9 my testimony on this point is not intended to imply the position of any particular EE/DSM  
10 Collaborative participant.

11 **Q. PLEASE EXPLAIN YOUR ROLE IN THE EE/DSM COLLABORATIVE ON**  
12 **BEHALF OF THE COMPANY.**

13 A. I serve as the primary point-of-contact for members of the EE/DSM Collaborative. In this  
14 role, I facilitate the EE/DSM Collaborative’s meetings and calls. I also prepare materials  
15 to be discussed with members of the EE/DSM Collaborative. I have served in this role  
16 since 2018.

17 **Q. WHO PARTICIPATES IN THE EE/DSM COLLABORATIVE?**

18 A. The EE/DSM Collaborative is composed of twenty-seven organizations across South  
19 Carolina and North Carolina, including, but not limited to, South Carolina State Energy  
20 Office; ORS; Vote Solar; South Carolina Community Action Partnership; Environmental  
21 Defense Fund; Upstate Forever; and Clean Energy Group.

22 **Q. WHEN DID THE COMPANY FIRST DISCUSS THESE MEASURES WITH THE**  
23 **EE/DSM COLLABORATIVE?**

1 A. The Company first discussed the idea of the Program with the EE/DSM Collaborative in  
2 May of 2019. This discussion included an initial evaluation of the savings opportunities  
3 of the proposed measures. In response to the initial discussion, the Company continued  
4 developing and evaluating the proposed measures, while providing subsequent updates to  
5 the EE/DSM Collaborative. The Company subsequently revisited the Program with the  
6 EE/DSM Collaborative in 2021.

7 **CONCLUSION**

8 **Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION ABOUT THE**  
9 **PROGRAM?**

10 A. I recommend the Commission approve the Program. The Program offers customers the  
11 opportunity to reduce their electricity consumption by installing energy efficiency  
12 appliances and equipment and allows the Company to encourage that adoption by making  
13 the measures more affordable. Given its cost-effectiveness—as evidenced by its UCT  
14 score—the Program lowers costs for both participating and non-participating customers. I  
15 recommend that the Commission approve the Program and corresponding cost recovery,  
16 as outlined in the Application.

17 **Q. DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?**

18 A. Yes, it does.



**J. Ashley Cooper**  
**Partner**  
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f: 843.727.2680  
ashleycooper@parkerpoe.com

Atlanta, GA  
Charleston, SC  
Charlotte, NC  
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Greenville, SC  
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January 20, 2022

**VIA ELECTRONIC FILING**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Executive Director  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, SC 29210

Re: **Application of Duke Energy Progress, LLC for Approval of Residential  
Energy Efficient Appliances and Devices Program**  
**Docket Number: 2022-\_\_\_\_-E**

Dear Ms. Boyd:

Enclosed for filing, please find Duke Energy Progress, LLC's (the "Company") Application for Approval of the Residential Energy Efficient Appliances and Devices Program to be included as part of its suite of energy efficiency and demand-side management programs effective as soon as practicable following approval by the Commission. The Company is seeking approval of its Application without pre-filed testimony or a hearing because the proposed program and associated tariff do not require a determination of the entire rate structure and overall rate of return. In the event the Commission determines that a hearing is necessary, the Company requests a Hearing Officer be appointed to hold a scheduling conference with counsel.<sup>1</sup>

Sincerely,

A handwritten signature in blue ink that reads 'J. Ashley Cooper'.

J. Ashley Cooper

JAC:cmm  
Enclosure

cc: Sam Wellborn, Duke Energy (*via email*)  
Andrew Bateman, Office of Regulatory Staff (*via email*)

<sup>1</sup> Although the Company does not believe a hearing is necessary, the proposed Notice of Filing attached to the Application notes that if the Commission elects to schedule such a hearing, the time and date of any such hearing would be provided to interested parties at a later date.

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2022-\_\_-E

In re:	)	
	)	
Application of Duke Energy Progress, LLC	)	APPLICATION OF DUKE ENERGY
for Approval of Residential Energy Efficient	)	PROGRESS, LLC FOR APPROVAL OF
Appliances and Devices Program	)	RESIDENTIAL ENERGY EFFICIENT
	)	APPLIANCES AND DEVICES
	)	PROGRAM

Pursuant to S.C. Code Ann. § 58-37-20, S.C. Code Ann. Regs. 103-823, and Order No. 2021-33 issued in Docket No. 2015-163-E, Duke Energy Progress, LLC (“DEP” or the “Company”) submits to the Public Service Commission of South Carolina (the “Commission”) this Application for approval of its Residential Energy Efficient Appliances and Devices Program (the “Program”) to be included as part of its suite of energy efficiency (“EE”) and demand-side management (“DSM”) programs effective as soon as practicable following Commission approval. The tariff that would govern the proposed Program is attached as Exhibit A and a proposed notice of the Application is attached hereto as Exhibit B. As part of this Application, the Company proposes to terminate the Residential Save Energy and Water Kit Program SEW-2 Tariff (“SEWK”) upon approval of the Program given that the Program seeks to advance a more comprehensive tariff that will encompass the measures promoted under the SEWK program.

As explained below, the Company seeks approval of the Program and the tariff without the need for a hearing because, consistent with S.C. Code Ann. § 58-27-870(F), the proposed Program does not require a determination of the entire rate structure and overall rate of return. If the Commission decides a hearing is necessary in this matter in lieu of filed comments, the Company

respectfully requests that the Commission appoint a Hearing Officer to hold a scheduling conference with counsel.

In support of this Application, the Company shows the Commission the following:

**I. NAME AND ADDRESS**

The Company's general office is located at 526 S. Church Street, Charlotte, North Carolina 28202. DEP's legal name and mailing address are:

Duke Energy Progress, LLC  
410 South Wilmington Street  
Raleigh, North Carolina 27601-1849

**II. NOTICES AND COMMUNICATION**

The names and addresses of the attorneys of the Company who are authorized to receive notices and communications with respect to this Application are:

Sam Wellborn  
Associate General Counsel  
Duke Energy Corporation  
1201 Main Street, Suite 1180  
Columbia, South Carolina 29201  
803.988.7130  
sam.wellborn@duke-energy.com

and

J. Ashley Cooper  
Parker Poe Adams & Bernstein, LLP  
200 Meeting Street, Suite 301  
Charleston, SC 29401  
843.727.2674  
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Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.

**III. DESCRIPTION OF THE COMPANY**



DEP is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the eastern portion of South Carolina and in portions of western, central, and eastern North Carolina. DEP also sells electricity at wholesale to municipal, cooperative, and investor-owned electric utilities, and its wholesale sales are subject to the jurisdiction of the Federal Energy Regulatory Commission. DEP is a public utility under the laws of South Carolina and is subject to the jurisdiction of this Commission with respect to its operations in this State. DEP is also authorized to transact business in the State of North Carolina and is a public utility under the laws of that state. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission. Because energy efficiency programs deliver system benefits realized across state borders, program costs—including consolidated administrative costs—are also recognized across both states.

#### IV. **BACKGROUND**

##### A. Residential Save Energy and Water Kit Program SEW-2 Tariff

The SEWK program was proposed on September 1, 2015 by DEP in Docket No. 2015-322-E. On September 11, 2015, the South Carolina Office of Regulatory Staff (“ORS”) filed a letter stating it had no objection to the SEWK program, and the Commission approved the SEWK program through Order No. 2015-705. The SEWK program remains in effect today and promotes energy efficiency through a reduction in water consumption and a corresponding reduction in electric hot water usage by providing incentives for single family residential customers. These incentives encourage eligible customers to become more energy efficient through the installation of energy efficient devices, such as low flow showerheads, bathroom and kitchen faucet aerators, and pipe wrap tape. As described in greater detail below, the proposed Program seeks to advance a more comprehensive tariff that will encompass the measures promoted under the SEWK

program. As such, the Company seeks to terminate the SEWK program upon approval of the proposed Program outlined in this Application.

B. Residential Energy Efficient Appliances and Devices Program

Although DEP does not currently offer a Residential Energy Efficient Appliances and Devices Program to its South Carolina customers, the Residential Energy Efficient Appliances and Devices Program has been a successful program for DEP's affiliate Duke Energy Carolinas, LLC ("DEC") in South Carolina since 2013. On August 1, 2013, DEC filed its Application for Approval of New Cost Recovery Mechanism and Portfolio of Demand-Side Management and Energy Efficiency Programs. As part of that Application, DEC sought approval of its proposed portfolio of new EE and DSM programs, which included a residential customer program for Energy Efficient Appliances and Devices. That portfolio of programs was approved through Order No. 2013-889.

On August 30, 2017, DEC filed a request with the Commission to, in part, move the high efficiency heat pump water heater and the pool pump measures from the Appliances and Devices program to DEC's Residential Service Smart Saver Energy Efficiency Program ("Residential Smart Saver")—a program within DEC's suite of EE/DSM programs. On September 22, 2017, the ORS filed a letter notifying the Commission it had reviewed DEC's request and supported the filing, and the Commission approved the modification through Order No. 2017-622.

This Application presents a similar request to the Commission given that DEP seeks to implement the proposed Program as part of its larger suite of EE/DSM programs. Administering the Program under the broader umbrella of DEP's EE/DSM programs will provide a more comprehensive approach to encourage the use of energy efficient appliances and devices. In conjunction with this request for the Commission to approve the Program as proposed, DEP also

## V. PROGRAM DESCRIPTION

The Program will provide incentive payments to offset all or a portion of the installed cost difference between standard equipment and higher efficiency equipment. Devices such as high efficiency lighting equipment and electric water heating low flow devices will be eligible for up to one hundred percent (100%) of the installed cost. All other eligible appliances and devices will be qualified for an incentive amount of up to fifty percent (50%) of the incremental installed cost.

<sup>1</sup> The EE/DSM Mechanism deems the UCT the primary cost test and requires proposed EE/DSM measures to exceed a score of 1.0 thereunder.

residences served on the Company's retail distribution system (i.e., renters will not be eligible for incentives for energy efficient products considered to be fixtures). To support the cost-effectiveness of the Program, the incentive may vary by type of equipment and differences in efficiency in order to provide the minimum incentive needed to encourage customers to purchase higher efficiency equipment, and the amount of all such incentive payments will be posted to the Company's website.<sup>2</sup>

Not only does the Program achieve relevant cost-effectiveness requirements under the EE/DSM Mechanism, but it also contains certain similarities to DEP's Commission-approved Residential Smart Saver program. For example, the Residential Smart Saver program offers incentives to encourage installation of high efficiency devices such as heat pumps, variable speed pool pumps and attic insulation and sealing, while the proposed Program incentivizes installation of additional high efficiency devices such as ceiling fans, dehumidifiers, air purifiers, and smart thermostats. The Residential Smart Saver provides an incentive to customers after installation—which requires that the customer be able to pay for eligible devices up front before they can be compensated—while the proposed Program provides an incentive at the point of purchase (for example, through the Company's online store or at local home improvement stores such as Home Depot, Lowe's, or Best Buy) so that the cost of the measure is reduced at the time of the customer's purchase. This feature of the Program will ultimately increase the affordability of high efficiency devices for customers.

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<sup>2</sup> The Company reserves the right to adjust the incentive for specific equipment, on a periodic basis, as equipment efficiency standards and incremental costs change and as customers naturally move to purchase higher efficiency equipment. All such adjustments will be reflected on the Company's website.

Upon approval of the Program, DEP's SEWK program would become redundant because the measures provided through the SEWK program will now be included in the proposed Program. As such, the Company requests termination of the SEWK program upon approval of the proposed Program.

## **VI. COST EFFECTIVENESS**

The Company has modeled the Program's cost effectiveness, and the Utility Cost Test score is 1.22. As required by the EE/DSM Mechanism, the Program exceeds the required 1.0 UCT score, indicating that the benefits to the utility system exceed the costs.

## **VII. COST RECOVERY AND REVIEW**

S.C. Code Ann. § 58-37-20 authorizes the establishment of the EE/DSM Mechanism recently adopted by the Commission through Order No. 2021-33 issued in Docket No. 2015-163-E. DEP is requesting the recovery of applicable Program costs, net lost revenues, and utility incentives and is seeking recovery of these costs through its annual EE/DSM Mechanism.

Section A of the Company's EE/DSM Mechanism, appended to Order No. 2021-33 as part of Order Exhibit No. 1, requires that the Company "perform a qualitative measure screening to ensure Measures are: (a) commercially available and sufficiently mature, (b) applicable to the DEP service area demographics and climate, and (c) feasible for a utility DSM/EE Program." The offerings in the proposed Program are commercially available and sufficiently mature, will be applicable to the Company's service area demographics and climate, and are feasible for an EE/DSM program. Consistent with the EE/DSM Mechanism, the Program was introduced to and discussed with stakeholders in the EE/DSM Collaborative.

The projected savings will be confirmed through an evaluation, measurement, and verification ("EM&V") process conducted by a third party, consistent with the guidelines outlined

in the EE/DSM Mechanism,<sup>3</sup> once adequate participation allows for a statistically valid sample. EM&V studies will use industry-accepted methods to collect and analyze data; measure and analyze Program participation; and evaluate, measure, verify, and validate the energy and peak demand savings. In light of the customer and system benefits of the Program, and its accord with the Commission-approved EE/DSM Mechanism, the Company requests Commission approval of the Program and proposes to recover all costs incurred by the Company that are (i) verified and validated through the EM&V process, and (ii) associated with the Program through the Company's EE/DSM rider, all in accordance with the EE/DSM Mechanism.

WHEREFORE, Duke Energy Progress, LLC respectfully requests that, pursuant to this Application and the provisions of S.C. Code Ann. § 58-37-20, S.C. Code Ann. Regs. 103-823, and Order No. 2021-33, the Commission:

- (1) Consistent with S.C. Code Ann. § 58-27-870(F), approve the Program as proposed herein without the need for pre-filed testimony or a hearing because the proposed Program and associated tariff do not require a determination of the entire rate structure and overall rate of return;
- (2) Grant the Company's request to recover all reasonable and prudent costs incurred associated with the Program pursuant to the EE/DSM Mechanism through the annual EE/DSM rider proceedings;
- (3) Approve the Company's request to terminate the Residential Save Energy and Water Kit Program SEW-2 Tariff; and
- (4) Provide any other relief deemed just and reasonable by the Commission.

Respectfully submitted this 20th day of January, 2022.

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<sup>3</sup> See Order No. 2021-33, Docket No. 2015-163-E (Jan. 15, 2021).

s/J. Ashley Cooper

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*Attorneys for Duke Energy Progress, LLC*

EXHIBIT A - EARL PROCEEDINGS - 2022-04-11 - Page 10 of 14

Duke Energy Progress, LLC  
(South Carolina Only)

## RESIDENTIAL ENERGY EFFICIENT APPLIANCES AND DEVICES PROGRAM REEAD-2

## PURPOSE

The purpose of this program is to encourage the installation new energy efficiency appliances and equipment in new or existing residences.

## PROGRAM

- Incentives are available to builders of new residences or to owners of, or customers occupying, new or existing residences served on a residential rate schedule from Company's retail distribution system provided; however, that incentives for energy efficient products considered to be fixtures are available only to builders or owners of residences served on the Company's retail distribution system.
- The types of equipment eligible for incentives may include, but are not limited to, the following:
  - High efficiency lighting and equipment
  - High efficiency electric water heating low flow devices
  - Other high efficiency equipment as determined by the Company on a case by case basis.
- Incentives may be offered in a variety of ways including, but not limited to, discount coupons, in-store promotions, or on-line discounted purchases.
- Incentives under this program are only available for ENERGY STAR or other energy efficiency products for which incentives pass the Company's Utility Cost Test (UCT).
- The Company may vary the incentive by type of equipment and differences in efficiency in order to provide the minimum incentive needed to drive customers to purchase higher efficiency equipment.
- The Company reserves the right to adjust the incentive for specific equipment, on a periodic basis, as equipment efficiency standards change and as customers naturally move to purchase higher efficiency equipment.
- The amount of the incentive payment for various standard types of equipment will be posted to the Company's website at [www.duke-energy.com](http://www.duke-energy.com).
- Incentives may be limited to one of any product, per residence, under all Company Energy Efficiency Programs.
- With Company approval, the builder, owner or customer may designate that the incentive be provided to the vendor or other third-party.
- Incentives for certain products will be provided only in conjunction with incentives provided by manufacturers, distributors, or retailers during promotional periods.

## PAYMENT

- The Company's incentives are as follows:
  - High efficiency lighting equipment and electric water heating low flow devices will be an incentive of up to 100% of the installed cost difference between standard equipment and higher efficiency equipment.



Duke Energy Progress, LLC  
(South Carolina Only)

- For all other appliances and devices provided under this program the incentive will be an amount up to 50% of the installed cost difference between standard equipment and higher efficiency equipment.

## COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the program.

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

**CLERK'S OFFICE**

**NOTICE OF FILING**

**DOCKET NO. 2022-\_\_\_\_-E**

**Application of Duke Energy Progress, LLC for Approval of Residential Energy Efficient Appliances and Devices Program**

Duke Energy Progress, LLC (the Company) has filed an Application for approval of the Residential Energy Efficient Appliances and Devices Program (Program) to be included as part of its suite of energy efficiency (EE) and demand-side management (DSM) programs effective as soon as practicable following Commission approval. As described in more detail in the filed Application, the purpose of the Program is to encourage the installation of new energy efficiency appliances and equipment in new or existing residences by reducing the up-front cost to customers through incentives that offset a portion of the cost at the point of purchase. To that end, the Program provides eligible residential customers the opportunity to receive an incentive of up to 100% of the installed cost difference between standard equipment and higher efficiency equipment for certain high efficiency devices. The Company proposes that the costs incurred by the Company associated with the Program be recovered through the Company's EE/DSM rider.

The Application was filed pursuant to S.C. Code Ann. § 58-37-20, S.C. Code Ann. Regs. 103-823, the Rules of Practice and Procedure of the Commission, and Order No. 2021-33. A copy of the Company's Application can be found on the Commission's website at [www.psc.sc.gov](http://www.psc.sc.gov) under Docket No. 2022-\_\_\_\_-E. Additionally, a copy of the Application is available from the corporate office of Sam Wellborn, Associate General Counsel, Duke Energy Corporation, 1201 Main Street, Suite 1180, Columbia, South Carolina 29201 and J. Ashley Cooper, Parker Poe Adams & Bernstein, LLP, 200 Meeting Street Suite 301, Charleston, SC 29401. Any person who wishes to participate in this matter as a party of record, should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before \_\_\_\_\_, by filing the Petition to Intervene with the Commission, by providing a copy to the Office of Regulatory Staff and by providing a copy to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. Please refer to Docket No. 2022-\_\_\_\_-E and mail a copy to all other parties in this docket. Any person who seeks to intervene and who wishes to testify and present evidence at the hearing, if scheduled, should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the Company at the above addresses, on or before \_\_\_\_\_. Please refer to Docket No. 2022-\_\_\_\_-E.

A public hearing, if scheduled, will be held virtually or in Columbia, South Carolina in the offices of the Commission located at 101 Executive Center Drive, Suite 100, Columbia, South Carolina 29210, for the purpose of receiving testimony and other evidence from all interested parties regarding this Application. The time and date of this hearing would be furnished to all interested parties at a later date.

PLEASE NOTE THAT INTERVENOR COMMENTS REGARDING DUKE ENERGY PROGRESS, LLC'S FILING ARE DUE ON OR BEFORE \_\_\_\_\_, 2022. INTERESTED PERSONS MAY REQUEST IN WRITING PERMISSION FROM THE PUBLIC SERVICE COMMISSION TO FILE COMMENTS AFTER \_\_\_\_\_, 2022. COMMENTS MUST BE FILED WITH THE COMMISSION AT THE ADDRESS LISTED BELOW, AND A COPY OF THE COMMENTS MUST BE SERVED ON ALL OF THE PARTIES OF RECORD IN DOCKET NO. 2022-\_\_\_\_-E.

If the Application or Petition in this case contains a request for adjustment of rates, the rates are subject to potential modification by the Commission during the course of this case.

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to [www.psc.sc.gov](http://www.psc.sc.gov) and Docket No. 2022-\_\_\_\_-E. Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at [www.psc.sc.gov](http://www.psc.sc.gov).

EXHIBIT A EARL PROGRESS 2022-10-02, 10:44 AM 2022-10-02 10:44 AM - STORED # 2022-41-E - Page 127 of 128

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2022-41-E**

In re: )  
)  
Application of Duke Energy Progress, )  
LLC for Approval of Residential Energy )  
Efficient Appliances and Devices )  
Program )  
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**CERTIFICATE OF SERVICE**

The undersigned does hereby certify that she has served the persons listed below with a copy of the *Direct Testimony of Lynda Powers for Duke Energy Progress, LLC* on behalf of the Companies in the above-captioned proceedings via electronic mail at the addresses listed below on March 23, 2022.

Andrew Bateman  
Office of Regulatory Staff  
abateman@ors.sc.gov

Dated this 23rd day of March, 2022.

s/ Celeste M. Mallett  
Celeste M. Mallett, Legal Professional Assistant  
Parker Poe Adams & Bernstein, LLP  
200 Meeting Street, Suite 301  
Charleston, SC 29401-2240